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**USTR Zoellick Pleased Mexico Exempts
High Fructose Corn Syrup from Protectionist Tax**

WASHINGTON - United States Trade Representative Robert B. Zoellick said he was pleased to learn that the Government of Mexico today exempted soft drinks sweetened with high fructose corn syrup (HFCS) from a protectionist and discriminatory tax imposed by Mexico's Congress.

In several meetings in January with Mexican Economy Minister Derbez and Mexican Foreign Minister Casteñeda, Zoellick registered strong U.S. complaints over the tax, which hurt U.S. sales of HFCS to Mexico, lowered U.S. corn exports used to produce HFCS, and threatened U.S. beverage exports to Mexico.

"I'm pleased to see that the Mexican government has effectively removed this protectionist tax. I appreciate the actions taken by Minister Derbez and the Fox Administration - they did the right thing in exempting HFCS," said Zoellick. "We have made it clear that any further disruptions in HFCS trade would have serious implications for our efforts to solve the broader sweetener issues and our trade relationship." However, Zoellick noted the exemption is not permanent, "While I am disappointed the tax was not permanently repealed, I hope and expect Mexico will comply with its trade obligations and not reimpose this or any similar measure."

The Mexican tax came into effect on January 1, 2002, but did not apply to soft drinks made with cane sugar. The tax effectively eliminated the use of HFCS in the Mexican beverage industry. The exemption, which is effective immediately, is set to expire on September 30, 2002.

The United States viewed the tax as a distortion of Mexico's food sector that raised the cost of beverages produced in Mexico. Equally important, today's action will counteract the negative signal sent to investors that the rules of business in Mexico could suddenly and arbitrarily change, raising the risks for all investors considering doing business there.

The temporary tax exemption restores to HFCS the treatment it received before the tax was imposed, but does not resolve the broader concerns of the United States over Mexico's treatment of HFCS. The two governments will continue to work together to address the full range of sweetener concerns shared by U.S. and Mexican governments and producers.

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